

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 SP-02 USIA-06 AID-05 EB-07
NSC-05 EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01
L-03 PA-01 PRS-01 CIAE-00 COME-00 FRB-03 INR-07
NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 /093 W
-----072245Z 070145 /66

R 061635Z MAY 77
FM AMEMBASSY MOSCOW
TO SECSTATE WASHDC 7142
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
USMISSION BERLIN
AMEMBASSY BONN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMCONSUL FRANKFURT
AMEMBASSY LONDON
USMISSION NATO
AMEMBASSY PARIS
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY TOKYO
AMEMBASSY WARSAW

C O N F I D E N T I A L MOSCOW 6348

E. O. 11652: GDS
TAGS: EEWT, EFIN, COMECON, UR
SUBJECT: INTERNATIONAL INVESTMENT BANK LOAN

REF: A. MOSCOW 5674, B. FRANKFURT 3223 NOTAL

SUMMARY: SYNDICATED LOAN FOR INTERNATIONAL INVESTMENT BANK
(IIB) HAS APPARENTLY BEEN FULLY SUBSCRIBED. CHASE MANHATTAN
HAD NO PROBLEM FINDING U.S. BANKS TO PICK UP HALF OF ITS
\$40 MILLION SHARE. OTHER BANKS PARTICIPATING IN SYNDICATE
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SHOULD BE KNOWN BY MAY 9, WHEN MEETING TO DISCUSS LEGAL
QUESTIONS IS SCHEDULE TO TAKE PLACE IN FRANKFURT. SEVERAL
GERMAN BANKS ARE SAID TO BE AMONG LEADERS OF SYNDICATE.
IIB HAS PLANS TO ENTER MARKET MORE THAN ONCE IN NEXT 24
MONTHS. IT HAS INDICATED THAT CONSTRUCTION OF ORENBURG
PIPELINE IS PURPOSE OF LOAN BUT TERM "ORENBURG" IS APPARENTLY
GENERAL RUBRIC TO COVER APPORTIONMENT OF LOAN AMONG A NUMBER

OF DEMA PROJECTS. END SUMMARY.

1. RELIABLE LOCALLY-BASED WESTERN SOURCE TOLD E/C COUNSELOR THAT SYNDICATED LOAN OF \$400 MN FOR IBB HEADED BY DRESDNER BANK APPEARS TO HAVE BEEN FULLY SUBSCRIBED. CHASE MANHATTAN HAS ALREADY PLACE WITH OTHER AMERICAN BANKS HALF OF ITS OWN \$40 MILLION SHARE, AS PLANNED. IDENTITY OF OTHER BANKS IN SYNDICATE SHOULD BECOME KNOWN AT MAY 9 MEETING TO DISCUSS LEGAL CONSIDERATIONS OF SIGNATURE OF AGREEMENT UNDER LAWS OF FRG. SOURCE SAID HE THOUGHT ONE CANADIAN BANK AND PERHAPS ONE BRITISH BANK WERE INVOLVED. SOURCE SAID IT WAS NOT IN KEEPING WITH NORMAL GERMAN PRACTICE TO HAVE SEVERAL GERMAN BANKS AS LEADERS IN ONE SYNDICATE - PERHAPS BONN OR FRANKFURT CAN COMMENT BUT COULD NOT IDENTIFY WHICH OTHER BANKS MIGHT BE AMONG THOSE WITH \$40 MILLION SHARES. (IN SEPARATE CONVERSATION GERMAN EMBASSY E/C MINISTER SAID HE BELIEVED THAT SEVERAL FRG BANKS ARE TOGETHER IN THIS PARTICULAR CASE.)

2. SOURCE CONFIRMED FINANCIAL TIMES REPORT THAT IIB HAS IDENTIFIED "ORENBURG" AS PURPOSE OF LOAN. HOWEVER, HE BELIEVES THAT THIS IS ACTUALLY FRAMEWORK REFERENCE, WITH IIB DISTRIBUTING MONEY OVER A LARGE NUMBER OF ONGOING PROJECTS FOR WHICH HARD CURRENCY PURCHASES ARE REQUIRED. (WE DO NOT HAVE ANY KNOWLEDGE OF SPREAD AMONG CEMA COUNTRIES.) IIB OFFICIALS ALSO TOLD CHASE MANHATTAN OFFICIALS LAST WEEK THAT THEY EXPECT TO BE IN THE MARKET PERHAPS THREE TIMES MORE IN THE NEXT TWO YEARS.

3. SOURCE COMMENTED THAT INTERNATIONAL BANK FOR ECONOMIC
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DEVELOPMENT (IBEC) STATES THAT IT NO LONGER REQUIRES THE CONVERTIBLE CURRENCY IT WAS SEEKING LAST JANUARY WHEN ISSUE OF REGISTRATION PREVENTED A LOAN AGREEMENT. IBEC THEREFORE HAS NO PLANS TO REENTER MARKET AT THIS TIME (AND APPARENTLY NO INTENTION OF REGISTERING IN U.K.) SOURCE DISTINGUISHED BETWEEN LEGAL STATUS OF IIB AND IBEC AND INDICATED THAT APPARENT SUCCESS OF IIB BORROWING WILL NOT NECESSARILY GET IBEC OUT OF TWILIGHT ZONE. NEVERTHELESS, IF IBEC DOES SUBSEQUENTLY COME TO MARKET, HE THOUGHT THAT IT TOO MIGHT LOOK TOWARDS CONTINENT FOR SYNDICATE LEADERSHIP.
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Message Attributes

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Sent Date: 06-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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TAGS: EEWT, EFIN, UR, GE, COMECON, IIB-INTNL INVESTMENT BANK
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